

INDEPENDENT AUDITORS' REPORT

To

The Members of Chennai Petroleum Corporation Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of Chennai Petroleum Corporation Limited (" the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's



preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and Regulatory Requirements:

7. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure-I, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
8. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR829 (E) dated October 21, 2003, issued by the Department of Company Affairs.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

CHANDRAN & RAMAN
Chartered Accountants
FRN NO: 000571 S

S. Pattabiraman



S.Pattabiraman
PARTNER
Membership No: 14309

S.VENKATRAM & CO
Chartered Accountants
FRN NO: 004656 S

R. Vaidyanatham



R.Vaidyanatham
PARTNER
Membership No: 18953

Place: New Delhi
Date: 24th May, 2014

Annexure to Independent Auditors' Report:

Referred to in paragraph 7 of Our Report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

(i) In respect of Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year, no substantial part of fixed assets of the Company was disposed off.

(ii) In respect of Inventories:

- a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) We are informed that there is no Company, firm or party to be listed in the Register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of clauses 4(iii) (a), 4 (iii) (b), 4 (iii) (c), 4 (iii) (d), 4 (iii) (e), 4 (iii) (f) and 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003.



- (iv) In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) We are informed that there is no Company, firm or party to be listed in Register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of clauses 4 (v) (a) and 4 (v) (b) of the Companies (Auditor's Report) Order, 2003.
- (vi) The Company has not accepted any deposits from the public. Hence we have no comments to offer in respect of clause 4 (vi) of Companies (Auditor's Report) Order, 2003.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) In respect of Statutory Dues:

- a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. We are informed that there are no employees who are eligible to be covered under Employee's State Insurance Scheme.

The Company, in the absence of suitable notification by the Central Government specifying the applicable rates of cess under section 441A of the Companies Act, 1956 on turnover payable by the Company, towards Rehabilitation and Revival Fund, the Company has neither paid nor provided for cess.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax,



Customs Duty and Excise Duty were in arrears as at 31.03.2014 for a period of more than six months from the date they became payable.

- c) The details of disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited, are given in Annexure - II to our report.
- (x) The accumulated losses of the Company as at 31st March, 2014 is more than 50% of its Networth. The Company has not incurred cash loss during the financial year covered by our audit. The Company has incurred cash loss of Rs.132316.12 lacs in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence we have no comments to offer in respect of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003.
- (xiii) The Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Hence we have no comments to offer in respect of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003.
- (xvi) No term loans were obtained by the Company during the year under Audit.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not issued shares during the year and hence we have no comments to offer in respect of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003.



- (xix) According to the information and explanations given to us, during the year the Company had issued 10,000 Secured Redeemable Non Convertible Debentures (Series II) of Rs.10 lakhs each. The Company has created security in respect of debentures issued.
- (xx) The Company has not raised any money by public issue during the year under audit. Hence we have no comments to offer in respect of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

CHANDRAN & RAMAN
Chartered Accountants
FRN NO: 000571 S



S.Pattabiraman
PARTNER
Membership No: 14309

Place: New Delhi,
Date: 24th May, 2014.

S.VENKATRAM & CO
Chartered Accountants
FRN NO: 004656 S



R.Vaidyanathan
PARTNER
Membership No: 18953

Statement of Disputed Dues

Name of the Statute	Nature of the dues	Disputed Amounts (Rs. in Lakhs) (Including Interest)	Amount paid under protest/Predeposit (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	5592.08	-	2007-08	High Court (Tamil Nadu)
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	4000.75	470.16	2007-08	Dy. Commissioner CT - III Tamilnadu
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	6829.01	-	2008-09	High Court (Tamil Nadu)
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	442.58	129.18	2008-09	Dy. Commissioner CT - III Tamilnadu
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	3916.48	-	2009-10	High Court (Tamil Nadu)
Tamil Nadu Value Added Tax Act	Value Added Tax Dues	1543.07	762.80	2009-10	Dy. Commissioner CT - III Tamilnadu
Andhra Pradesh Value Added Tax Act	Value Added Tax Dues	1731.81	626.20	Apr 2005 to Nov 2007	AP State Appellate Tribunal
Central Sales Tax Act	Sales Tax Dues	161.99	-	1991-92	Dy. Commissioner CT - III Tamilnadu
Central Excise Act	Excise Dues	136.96	-	Aug 2003 to May 2004	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	98.78	-	Jan 2005 to Jun 2005	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	108.45	6.50	Jan 2005 to Feb 2005	Customs Excise and Service Tax Appellate Tribunal
Income Tax Act	Income Tax Dues	2472.61	422.17	AY 2011-12	Commissioner of Income Tax (Appeals)

